

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 08077 01 OF 02 081450Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 SP-02 L-03 TRSE-00 /025 W
-----081513Z 115709 /41

R 081405Z JUN 77
FM AMEMBASSY MOSCOW
TO USDOC WASHDC
INFO SECSTATE WASHDC 8380
AMCONSUL LENINGRAD
AMEMBASSY VIENNA

LIMITED OFFICIAL USE SECTION 1 OF 2 MOSCOW 8077

FOR BEWT/TPD (THOMPSON), TDAD (STECHSCHULTE, USSR (HEISS)

E. O. 11652: N/A
TAGS: BEXP, UR
SUBJECT: SOVIET HARD CURRENCY AVAILABILITY FOR OFF-THE-FLOOR
EXHIBIT PURCHASES

REF: MOSCOW 6395

SUMMARY: DURING PAST FEW MONTHS, WE HAVE HEARD AND REPORTED
RUMORS TO EFFECT THAT MFT AS PASSED WORD THAT FUNDS
WILL NO LONGER BE ALLOCATED FOR OFF-THE-FLOOR SALES AT
TRADE EXHIBITS IN USSR. THIS CABLE REPORTS REMARKS OF
U.S. FIRM REPRESENTATIVE TO DEP DIR USCO WHICH SHED MORE
LIGHT ON THIS SUBJECT. END SUMMARY.

1. REPORTEDLY, FIRM'S CUSTOMERS AT FTO MASHPRIBORINTORG
TOLD REP LAST WEEK THAT EARLIER THIS YEAR MFT DECIDED
THAT SOVIET END-USERS WOULD NO LONGER BE ALLOWED TO PURCHASE
EQUIPMENT FROM OFF-THE-FLOOR AT FUTURE EXHIBITS. (THIS
REPORT SQUARES WITH OTHER WE HAVE HEAR RECENTLY.) AT
THE TIME, USSR CHAMBER OF COMMERCE REPORTEDLY ARGUED
VEHEMENTLY AGAINST THIS RESTRICTIVE PURCHASING POLICY ON
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 08077 01 OF 02 081450Z

GROUNDS THAT IT WOULD KILL OFF WESTERN FIRM INTEREST IN
PARTICIPATING IN CHAMBER-SPONSORED SHOWS BUT WAS APPARENTLY
UNSUCCESSFUL, IN STAVING OFF ITS IMPLEMENTATION, WITH EXCEPTION
OF METROLOGY AND SVYAZ WHICH WERE CLOSE TO OPENING (MINOR
PURCHASES WERE REPORTEDLY MADE AT BOTH THESE EXHIBITS FROM
OFF-THE-FLOOR, IN ADDITION TO PRE-NEGOTIATED SALES.).

2. ACCORDING TO SOURCES, C. OF C. THEN REASSESSED ITS POSITION AND MADE A STUDY OF EXHIBITS OUTSIDE OF SOCIALIST COUNTRIES. THIS STUDY WAS REPORTED TO HAVE SHOWN THAT VERY FEW SALES, IF ANY, ARE MADE OFF-THE-FLOOR DURING EXHIBITS IN WEST. BASED ON RESULTS OF STUDY, C. OF C. CHANGES TACK AND BEGAN TO GO ALONG WITH MFT DECISION.

3. C. OF C. CHANGE OF HEART, HOWEVER, EXTENDED ONLY TO INT'L EXHIBITS IN MOSCOW AND NOT TO SOLO EVENTS OR SPECIALIZED EXHIBITS OUTSIDE OF MOSCOW, SINCE BOTH C. OF C. AND MFT REPORTEDLY RECOGNIZED ADDITIONAL EXPENSES INVOLVED (ESPECIALLY FREIGHT) IN PARTICIPATING IN EXHIBITS OUTSIDE OF CAPITAL ON PART OF WESTERN FIRMS. (SINCE C. OF C. IS NOW EMBARKED ON PROGRAM OF EXPANDING NUMBER OF TRADE PROMOTION EVENTS HELD IN PROVINCIAL CAPITALS, IT APPARENTLY FEARED THAT A POLICY OF RESTRICTING OFF-THE-FLOOR SALES AT THESE EVENTS WOULD DEFEAT PURPOSE OF PROGRAM WHICH WAS TO BRING WESTERN TECHNOLOGY TO ATTENTION OF SELECTED GEOGRAPHIC GROUPS.)

3. U.S. FIRM REPS SOURCES ALSO TOLD HIM THAT WHILE PURCHASES WILL NOT BE MADE DIRECTLY OFF-THE-FLOOR, CONTRACTS COULD STILL BE NEGOTIATED FOR NEW EQUIPMENT (NOT EXHIBIT GOODS) TO BE SHIPPED IN AT LATER DATE. THIS INDICATES THAT NORMAL, SHORT-FORM "AKT" WOULD NO LONGER BE SUED AND MORE FORMAL LONG-FORM CONTRACT WOULD BE ONLY ACCEPTABLE DOCUMENT ON BASIS OF WHICH SALES COULD BE CONCLUDED AT AN EXHIBIT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 08077 01 OF 02 081450Z

5. SOURCE TOLD US THAT SOVIETS HAVE APPARENTLY COME TO CONSIDER AS ESSENTIALLY USED THOSE GOODS WHICH WESTERN FIRMS DISPLAY AT THEIR EXHIBITS AND THIS FACT, COUPLED WITH REPEATED LACK OF SUFFICIENT SPARES, EQUIPMENT ACCESSORIES AND OTHER OPTIONS ON HAND BY EXHIBITORS, HAS LED THEM TO SHY AWAY FROM PURCHASING EQUIPMENT OFF-THE-FLOOR EVEN WHERE SIGNIFICANT SAVINGS IN PRICE WERE POSSIBLE. FIRM REP'S SOURCES THUS DEFENDED NEW "POLICY" AS BEING IN LONG-RUN INTERESTS OF SOVIET END-USERS, ALLOWING MORE TIME TO REFLECT ON EQUIPMENT CHOICES OPEN TO THEM. AT SAME TIME, IT OFFERED BETTER ASSURANCE THAT THEY WOULD RECEIVE BRAND-NEW EQUIPMENT AND CHOICE OF OPTIONS AND ACCESSORIES, WITH ADEQUATE SPARE PARTS, IF PURCHASE DECISIONS COULD BE ARRIVED AT AFTER CAREFUL DELIBERATION OFTEN NOT POSSIBLE UNDER SHORT TIME FRAME IMPOSED AT TRADE FAIRS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 08077 02 OF 02 081459Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 SP-02 L-03 TRSE-00 /025 W
-----081513Z 115871 /42

R 081405Z JUN 77
FM AMEMBASSY MOSCOW
TO USDOC WASHDC
INFO SECSTATE WASHDC 8381
AMCONSUL LENINGRAD
AMEMBASSY VIENNA

LIMITED OFFICIAL USE SECTION 2 OF 2 MOSCOW 8077

FOR BEWT/TPD (THOMPSON), TDAD (STECHSCHULTE, USSR (HEISS)

6. QUERIED AS TO EFFECT DECISION WOULD HAVE ON HIS COMPANY,
REP SAID THAT HE WOULD CONTINUE TO EXHIBIT BUT INSTEAD
OF TAKING, SAY, 80 SQ. METERS AT AN EVENT, HE WOULD
TAKE ONLY 20. IN ADDITION, HE WOULD BRING IN MUCH LESS
EQUIPMENT, SHOW ONLY ONE OR TWO PIECES OF LATEST TECHNOLOGY
FOR PROMOTIONAL PURPOSES ONLY AND PUT EMPHASIS ON
DISTRIBUTION OF TECHNICAL LITERATURE.

7. COMMENT: WHILE WE HAVE ALSO RECEIVED OTHER REPORTS ON THIS
TOPIC, WE FEEL THAT CERTAIN QUALIFICATION SHOULD BE TAKEN INTO
ACCOUNT IN EVALUATING THEM: (1) COINCIDENTALLY, ALL SUCH
REPORTS HAVE COME FROM MANUFACTURERS OF HIGH-TECHNOLOGY
INSTRUMENTATION EQUIPMENT WHO, IN ONE WAY OR ANOTHER, DEAL
WITH MASHPRIBORINTORG. ALSO, THIS TYPE OF EQUIPMENT IS
MOST LIKELY TO RAISE EXPECTATIONS OF OFF-THE FLOOR SALES
AMONG EXHIBITORS WHO HAVE NOT HAD PRIOR CONTRACT NEGOTIATIONS.
THEREFORE, WHETHER OR NOT THIS REPORTED DECISION HAS
ACTUALLY BEEN TAKEN AND, IF IT HAS, WHETHER OR NOT IT APPLIES
ONLY TO INSTRUMENTATION, REMAINS TO BE SEEN. (2) CONFIRMATION
OF THESE RUMORS IS EXTREMELY DIFFICULT SINCE SOVIET
ORGANIZATIONS, ESPECIALLY C. OF C., EVEN WHEN ASKED ARE NOT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 08077 02 OF 02 081459Z

FORTHCOMING WITH CLARIFYING INFORMATION FOR OBVIOUS REASONS.
(3) ELECTRO 77 AND CHEMISTRY 77 WILL BE MONITORED VERY

(3) ELECTRO 77 (ABOUT WHICH WE HAVE REPORTED SOME PESSIMISTIC PROGNOSTICATIONS) AND CHEMISTRY 77 WILL BE MONITORED VERY CLOSELY AND THE RESULTS OF BOTH MUST BE FACTORED IN BEFORE REACHING ANY FIRM CONCLUSIONS. AND (4) SINCE OFF-THE-FLOOR SALES ARE NOT A PRIMARY CONSIDERATION IN THIS MARKET, ESPECIALLY FOR MANUFACTURERS OF HEAVY EQUIPMENT, WE DO NOT BELIEVE THAT COMPANIES WILL START DRAMATICALLY DROPPING OUT OF SOVIET EXHIBITS BECAUSE OF THIS "DECISION". IF THEY REACT AT ALL, THEY ARE MORE LIKELY TO REASSESS THEIR PROGRAMS IN TERMS PERHAPS OF TAKING LESS SPACE, AS OUR FIRM REP SOURCE SAYS HE INTENDS TO DO, EMPHASIZING DISSEMINATION OF TECHNICAL INFORMATION AND BROCHURES RATHER THAN LARGE, EXPENSIVE DISPLAYS OF EQUIPMENT.

8. WE WILL SEEK IN COMING WEEKS TO GET A BETTER FIX ON THIS WHOLE QUESTION, BUT IN MEANTIME CONSIDER IT IMPORTANT TO PROVIDE USDOC/BEWT WITH WHAT WE HAVE HEARD TO DATE. WE ARE CONCERNED, HOWEVER, LEST THIS REPORT RAISE (POSSIBLY UNDUE) ALARUMS AMONG POTENTIAL EXHIBITORS AT UPCOMING SOVIET EXHIBITS AND USDOC/USCO SPONSORED EVENTS. NOT TOO MUCH SHOULD BE MADE OF IT UNTIL WE CAN CHECK FURTHER. MATLOCK

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW08077
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770204-0470
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770679/aaaacqtu.tel
Line Count: 194
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4789a182-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MOSCOW 6395
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2230781
Secure: OPEN
Status: NATIVE
Subject: SOVIET HARD CURRENCY AVAILABILITY FOR OFF-THE-FLOOR EXHIBIT PURCHASES
TAGS: BEXP, UR
To: COM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4789a182-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009